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DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[B-68-2019]

Foreign-Trade Zone 12 – McAllen, Texas; Application for Production Authority; Black & Decker (U.S.), Inc (Lithium Ion Battery Assembly for Cordless Power Tools), Mission, Texas

An application has been submitted to the Foreign-Trade Zones (FTZ) Board by the McAllen Foreign Trade Zone Inc., grantee of FTZ 12, requesting production authority on behalf of Black & Decker (U.S.), Inc. (Black & Decker), located in Mission, Texas. The application conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.23) was docketed on October 25, 2019.

The Black & Decker facility (180 employees, 17.2 acres) is located within Site 4 of FTZ 12. The facility is used for the manufacture/assembly of cordless power tools and of power tool components (lithium ion batteries, plastic injection molded parts, cordless motors, and certain subassemblies), and for the packaging/kitting of power tools with their components. In 2018, Black & Decker requested production authority in a notification proceeding (15 CFR 400.22 and 400.37). After an initial review, the requested production authority was approved subject to a restriction requiring that lithium ion batteries and related components be admitted in privileged foreign status, which precludes inverted tariff benefits on those inputs (see B-33-2018, 83 FR 50636, October 9, 2018). The pending application proposes to remove that restriction.

If the application were approved, on its domestic sales, Black & Decker would be able to choose the duty rates during customs entry procedures that apply to lithium ion batteries (duty rate: 3.4%) and cordless power tools (duty rate ranges between duty free to 4%) for the foreign-status inputs noted below. The company currently intends to ship a significant portion of its Mission-produced battery packs zone to zone to its manufacturing facility (Subzone 38M) in Fort Mill, South Carolina. Black & Decker would be able to avoid duty on foreign-status components which become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment. The request indicates that the savings from FTZ procedures would help improve the plant's international competitiveness.

Components and materials sourced from abroad (representing 60 percent of the value of the finished battery pack) include lithium ion batteries and related parts (lithium ion cells, assembly housings, cell holders, front insert covers, cover housings, and latches) (duty rate: 3.4%). The request indicates that certain materials/components are subject to special duties under Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41).

In accordance with the FTZ Board's regulations, Diane Finver of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations to the FTZ Board.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to **[INSERT DATE 75 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the application will be available for public inspection in the "Reading Room" section of the FTZ Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Diane Finver at Diane.Finver@trade.gov or (202) 482-1267.

Dated: October 29, 2019.

Andrew McGilvray,
Executive Secretary.

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